

AUDIT POLICY UPDATE ENVIRONMENTAL PROTECTION AGENCY REGION VII

July 1997

The Audit Policy

The final Audit Policy was announced on December 22, 1995, and effective January 22, 1996 (60 Federal Register 66706).

What the Audit Policy Does

The Audit Policy enhances protection of human health and the environment by helping companies meet their obligation to comply with federal environmental laws through self-policing and voluntary self-disclosure of violations. To qualify for benefits under the policy, companies must:

- ▣ Promptly disclose violations
- ▣ Promptly correct violations
- ▣ Prevent future violations
- ▣ Remedy any environmental harm

To safeguard against irresponsible behavior, the policy excludes certain violations:

- ▣ Repeat violations
- ▣ Violations resulting in serious environmental harm
- ▣ Violations that may present an imminent and substantial endangerment

Program Benefits

EPA will not seek gravity-based penalties for violations found through voluntary audits or efforts reflecting a company's due diligence and compliance with all Audit Policy conditions. Further, EPA will not recommend criminal prosecution unless a company is

willfully blind to violations, or conceals or condones noncompliance with environmental laws. Where violations are discovered by means other than voluntary audits or due diligence efforts, but are promptly disclosed and expeditiously corrected, EPA will reduce gravity-based penalties by 75% provided all other Audit Policy conditions are met. If a company has benefitted economically as a result of the violations, the Agency reserves the right to recover the value of that economic benefit.

Disclosure Requirements

Disclosures under the Audit Policy must be **in writing** to EPA because prompt written disclosure gives EPA clear notice of the violations and the opportunity to respond if necessary, as well as an accurate picture of a company's compliance record. Disclosure of the violation must be made within **ten (10)** days of its discovery (unless a statute or regulation requires reporting be made in less than ten days).



Region VII

Disclosure Contact

For violations at facilities located in Region VII (Iowa, Nebraska, Kansas, and Missouri), voluntary disclosure may be made, in writing, to the following:

Becky Ingrum Dolph
Deputy Regional Counsel
Office of the Regional Counsel
Environmental Protection
Agency
Region VII
726 Minnesota Avenue
Kansas City, Kansas 66101

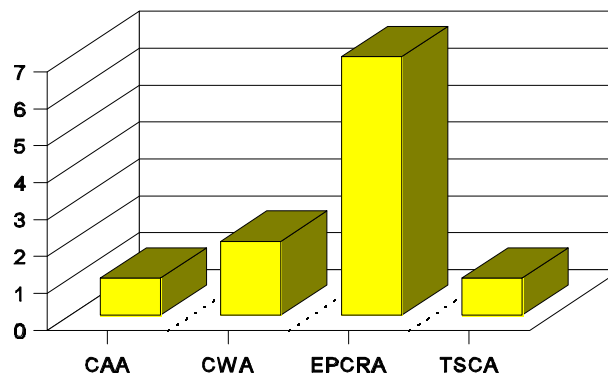
Becky may be contacted by telephone at (913) 551-7281 for further questions concerning the Audit Policy program.

Companies Receiving Relief

As of June 30, 1997, eleven companies in Region VII have voluntarily disclosed violations at twelve facilities. Settlements mitigating up to 100% of the gravity-based penalty have been completed for the following companies:

- ☐ *Cook Composites & Polymers*
N. Kansas City, Missouri
- ☐ *Signet Graphics*
St. Louis, Missouri
- ☐ *Frederick Manufacturing Corp.*
Kansas City, Missouri
- ☐ *Pfizer Animal Health Group*
Lincoln, Nebraska
- ☐ *University of Iowa*
Iowa City, Iowa

Breakdown of Self-Disclosures by Statute



Of the Audit Policy Self-Disclosure Program, Dennis Grams, EPA Regional Administrator, says:

"This program is a great example of the Agency's commitment to working with the regulated community. It provides an incentive for entities to police themselves before the regulators step in."